



**RECOMMENDATIONS ON ASSET
AND INTEREST DECLARATIONS
FOR OGP ACTION PLANS**

Transparency International is a global movement with one vision: a world in which government, business, civil society and the daily lives of people are free of corruption. Through more than 100 chapters worldwide and an international secretariat in Berlin, we are leading the fight against corruption to turn this vision into reality.

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SUMMARY

Public servants are appointed to govern in the public interest and many fulfil their duties with distinction. Yet there are countless cases, great and small, of corrupt politicians and officials who abuse their positions of power to enrich themselves. There are many cases, too, of those who fail to make the right decisions because their private interests conflict with those of the public.

Asset and interest declarations, which require public officials to disclose information about their personal wealth and interests, are widely recognised as a vital tool to fight corruption and promote integrity in public service. They allow oversight institutions and the public to track the finances of those entrusted with the power to govern, and to scrutinise whether reported variations in wealth are justified. They also permit the public to monitor the outside interests of officials – such as secondary employment or business ownership – which helps avoid active conflicts of interest.

Most countries use asset and interest declarations in some form, but the design and quality of systems varies greatly. This is partly because there are no internationally agreed standards for implementation. In addition, most systems are fully or partially paper-based, and the transition to electronic systems for filing and publishing asset declarations is “the area of greatest change now taking place in the world of financial disclosure”, according to the Stolen Asset Recovery Initiative (StAR)¹ launched by the World Bank and the United Nations Office on Drugs and Crime (UNODC).

Now is an ideal moment for Open Government Partnership (OGP) members to review their asset and interest declaration frameworks and create comprehensive, robust and accessible systems for disclosure. Such systems help to ensure officials remain honest, and that they are seen to remain honest, which promotes integrity in public service and enhances public trust in government.

Transparency International recommends that governments:

- apply to high-ranking public officials regulations that mandate the comprehensive public disclosure of assets and interests
- introduce a digital system for the capture, cross reference and publication of asset and interest declarations
- empower an independent oversight body and relevant stakeholders to strategically verify and monitor declarations and freely investigate suspicious cases.

WHY ARE ASSET AND INTEREST DECLARATIONS RELEVANT FOR FIGHTING CORRUPTION?

Asset and interest declarations have two purposes.

Firstly, they guard against the accumulation of illicit wealth by allowing oversight of the financial activities of politicians and senior public officials. The disclosure of relevant financial information at regular intervals – before, during and after a public appointment – helps to reveal unusual or inexplicable increases in personal wealth. This data can be used by agencies, courts, the media and civil society to investigate impropriety – while the requirement of disclosure also acts as a deterrent to others.

The second function of asset and interest declarations is to monitor and prevent conflicts of interest. Decision-making by officials, which should serve the public interest, can be undermined by factors such as secondary employment, the ownership of shareholdings or the receipt of gifts and hospitality. Monitoring and disclosing the interests of public officials helps to identify potential conflicts and mitigate them. Sometimes, the declaration of an interest is enough – for example, in a parliamentary debate – while at other times it is necessary to recuse an official from further business – such as when a procurement officer has interests in a company bidding for public contracts.

Research by the World Bank shows that disclosure systems in developing countries tend to focus on detecting flows of illicit capital, while those in OECD states are geared more to identifying and preventing conflicts of interest². An ideal system, of course, monitors both illicit wealth and conflicts – although to be effective, agencies need adequate resourcing and trained staff³.

WHY IS IT IMPORTANT TO INCLUDE COMMITMENTS ON ASSETS AND INTEREST DECLARATIONS IN OGP ACTION PLANS?

Asset declarations are recognised by the international community as a tool to fight corruption. For example, Article 8 of the UN Convention against Corruption (UNCAC) requires parties to establish systems for public officials to declare outside interests to an agency. Additionally, Article 52 discusses systems for financial disclosure and sanctions for non-compliance, and provisions for sharing information to aid the investigation and recovery of illicit assets⁴. In 2016, 90 per cent of 176 countries surveyed by StAR had asset declaration procedures in place⁵.

Yet despite the widespread recognition and use of asset declarations, there is major variation in the implementation and enforcement of these systems. There are no commonly agreed international standards on best practice – although the G20 adopted [high-level principles](#) in 2012⁶.

At the same time, systems for capturing and publishing asset declarations are transitioning from paper-based to electronic models. Technology offers new opportunities to improve the efficiency and effectiveness of financial disclosure, but the fundamentals of the policy (rooted in transparency, participation and accountability) must also be sound.

The OGP, as an ambitious and open forum for government reform, is well placed to consolidate publicly available asset declarations as the lowest common denominator, embrace the shift to robust, digitised systems, and lead the international community towards new global norms on financial disclosure. The OGP can help governments overcome some of the challenges of implementing commitments in their national contexts by providing formal

timelines and accountability mechanisms. As of 2018, 66 per cent of OGP member countries disclosed information on asset and interest declarations, while the rest require the filing of such declarations but not their publication⁷. Through the OGP, countries that do not disclose this information can learn from those that do and can advance towards open and effective asset and interest disclosure systems.

As with beneficial ownership transparency and open contracting, OGP has played a key role in supporting the implementation of open data standards. The partnership can therefore be an incubator and implementation mechanism for a future open data standard for asset declarations.

TRENDS AND EXAMPLES OF GOOD PRACTICES IN ASSET AND INTEREST DECLARATIONS

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While many countries have asset and interest declaration rules in place, many of these contain loopholes that allow corrupt officials to evade detection. Truly effective regulations are anchored in legislation and apply to all relevant individuals and types of assets. Good practice includes:

- enforcing regular disclosure by all individuals who hold, or who have held, senior public office, as well as their close family members (spouses and children)
- ensuring the scope of reporting applies to all classes of asset (including non-moveable and moveable assets, financial assets and outside interests)
- applying regulations to the beneficial ownership of legal entities (companies, foundations and trusts) of which an official might not be the named owner of a legal entity, but is nevertheless the person who ultimately owns, profits from, or controls them.

In Ukraine, for example, approximately one million civil servants and their family members must each year declare the value of their income from all sources, including financial assets such as cash in the bank, securities such as stocks and bonds, non-moveable property such as real estate, moveable property such as cars and boats, the beneficial ownership of companies, gifts received and loans granted. They must also declare the sale or purchase of any type of asset, details of any additional jobs or positions held, and their participation in civic or professional bodies⁸. The collated information is published on a central digital portal.

Although the information capture and disclosure are comprehensive⁹, there have been teething problems with verification and oversight procedures, leading some to question the effectiveness of the system¹⁰. For disclosure to be effective in preventing corruption, governments must ensure they have the necessary resources and strategy in place to manage the number of declarations they intend to collect.

Usability

The tracking and recovery of stolen assets is often a multi-stakeholder and multi-jurisdictional activity. Journalists and Civil Society Organisations (CSOs), as well as foreign governments and agencies, often play vital roles in uncovering wrongdoing. Asset and interest declaration systems also rely, critically, on the timely and effective participation of public officials themselves. Good practice includes:

- Publishing digitally updated information on disclosures at regular intervals on a single, central platform in open-data format.¹¹ This ensures that journalists, CSOs and the public can effectively participate in the oversight process. The OECD provides a [detailed discussion](#) about adequate frequency and schedule for submitting declarations.
- Consulting data users (including journalists and CSOs), before, during and after publication to ensure that the supply of data matches demand and is functionally useful for accountability.

- Using e-declarations to manage the submissions process online. This improves the quality and speed of data collection via forms that use limited-option, multiple-choice questions and do not permit submission until all fields are completed. The collated data also provides opportunities for algorithmic verification and risk-assessment tools.

The Balkans Investigative Reporting Network (BIRN), a network of civil society organisations in Southern and Eastern Europe, regularly analyses the asset declarations of high-ranking public officials in Albania. Since 2016, BIRN has accessed thousands of declarations filed by 423 judges, 333 public prosecutors and 61 local mayors over more than a decade. This information is transferred to a “database modelled on international best practices for the analysis of assets, liabilities, revenues”¹².

BIRN reports on the variations in wealth of officials in different regions and public offices in Albania. It uses a “red-flag” model to identify corruption risks such as “loans outside the banking system, debts to construction companies or high earnings from real estate and rentals”. Individual cases are then subject to further investigation. BIRN publishes regular reports on its findings and, in an effort to “strengthen the watchdog role of the media”, offers journalists access to its database and its expertise to help them investigate cases of corruption and conflicts of interest¹³.

Accountability

To work in practice, asset and interest declarations must be verified and enforced by an independent oversight agency. Good practice includes:

- Ensuring the oversight agency has adequate financial resources and expertise to robustly verify submissions for accuracy and omissions in a timely manner. StAR offers [detailed advice](#), based on extensive government surveys, on how to design and implement an appropriate verification strategy.
- Empowering the oversight agency to receive and investigate complaints from the public and to initiate its own investigations – whether based on the results of verification, referral from another agency, media reports or other sources.
- Applying a range of appropriate penalties to those who provide information that is incomplete, inaccurate or late. Criminal sanctions should be in place for severe or persistent breaches, and for those who cannot explain unjustified variations in wealth.

In Indonesia, asset declarations are overseen by an independent national agency, the Corruption Eradication Commission (KPK), which has a wider mandate for preventing, detecting and prosecuting cases of corruption¹⁴. The KPK is responsible for overseeing and verifying the asset declarations of approximately 300,000 high-ranking public officials (an estimated 7 per cent of the civil service). In 2017, the agency introduced an e-declaration system which 90 per cent of declarants use (paper-based submissions are still accepted).

The KPK has a four-stage verification process. The first two stages are fully automatic and check for basic compliance (i.e. did an official make a submission on time and was all required information submitted). The third stage reviews core financial information against basic risk criteria, and the KPK is currently developing a fully automated version of this stage. The final stage is a full audit of a declarant, which can be initiated on a risk basis and does not need the approval of top-level staff. Administrative sanctions can be applied to those who do not comply with regulations and the results of an investigation can lead to prosecution for corruption-related offences¹⁵.

EXISTING COMMITMENTS

Thirty-one OGP members have made a total of 51 commitments to reform their asset declaration policies. They are: Afghanistan, Argentina, Armenia, Azerbaijan, Bulgaria, Bojonegoro Regency (Indonesia), Chile, Cote d'Ivoire, Croatia, Dominican Republic, El Salvador, France, Georgia, Ghana, Guatemala, Honduras, Ireland, Madrid (Spain), Mongolia, North Macedonia, Norway, Panama, Paraguay, Peru, Romania, Serbia, South Korea, Sri Lanka, Tanzania, Tunisia and Ukraine.

Around one third of pledges focus on improving the systems for publishing and making accessible the asset declarations of public officials. One quarter of commitments seek to strengthen the scope of the framework for collecting declarations, by increasing either the information collected or the number of officials subject to the policy. Improving monitoring and verification accounts for a further 8 per cent of pledges.

The Independent Reporting Mechanism (IRM) of the OGP reviewed 40 commitments and considered that 10 of them would have a potentially transformative effect, while another 16 were rated as having a moderate potential impact. Examples¹⁶ of these pledges, which were also completed or had made substantial progress, are described below.

Ukraine used its second OGP National Action Plan to replace a paper-based system of asset declarations with a digital one. Submission on the income, property and expenditures of approximately one million public servants are now collected and published online¹⁷.

Georgia used its second National Action Plan to develop an electronic monitoring system for asset declarations. In its third National Action Plan, the government implemented the system and specified that monitoring would be overseen by an independent committee within the Civil Service Bureau, using a randomised approach to audit.

Armenia introduced an online portal which provides public access to the asset declarations of approximately 3,300 high-ranking public officials and their family members¹⁸.

North Macedonia pledged to improve the digital accessibility of officials' asset declarations. These are now available on the website of the State Commission for the Prevention of Corruption.

In Chile the commitment sought to develop and propose reform to the legal framework, extending the scope of individuals subject to the asset declaration regime and improving the form to collect this information¹⁹.

WHAT ELEMENTS SHOULD A COMMITMENT ON ASSET AND INTEREST DECLARATION INCLUDE?

Asset and interest declarations are widely regarded as a tool to dissuade and detect corruption by public officials. However, they must be designed to achieve effectiveness and efficiency in accordance with the country legal and public sector context. For governments and CSOs considering improving their asset and interest declaration systems, Transparency International makes the following recommendations:

Apply to high-ranking public officials regulations that mandate the comprehensive public disclosure of assets and interests

Optimal systems must monitor both the accumulation of illicit wealth and conflicts of interest. The number of officials who make declarations will vary from country to country, as states should ensure they have the resources to verify a fair proportion of submissions. However, regulations should at a minimum apply to the following public officials at the national and subnational levels:

- senior executive office holders: ministers, deputy ministers, commissioners, agency heads
- legislators
- judges at all court levels, senior prosecutors and senior judiciary officials
- civil servants (junior and senior level) who exercise budgetary discretion or authority (direct and indirect).

It is imperative that declarations are comprehensive and cover all classes of asset, otherwise illicit finance can simply be channelled via a medium outside the regulatory framework. Comprehensive regulations should cover:

- non-moveable assets such as real estate
- moveable assets such as vehicles, jewellery and fine art
- financial assets such as bank accounts (both domestic and foreign), stocks, bonds and cryptocurrencies
- all other sources of wealth or benefits-in-kind (such as educational scholarships)
- outside interests such as secondary employment, business ownership, membership of clubs and societies, gifts and hospitality received
- liabilities (which may be given on favourable terms as inducements – so-called “sweetheart loans”).

Introduce digital systems for the capture, cross-reference and publication of asset and interest declarations

The benefits of switching from a paper-based to a digital system of information capture include time-savings for agency staff and the reduction of inaccurate and incomplete data. Electronic submissions also create data, which can be used to greatly improve the efficiency of verification and risk analysis by the receiving agency through cross-referencing with other sources of information. However, countries must be ready for the transition and should possess the necessary digital infrastructure and expertise before proceeding²⁰. Software must be robustly tested and rolled out alongside training modules to be effective.

Centrally collated data can also be published online via a single portal, which greatly improves the practical accessibility of information and allows stakeholders outside government to participate effectively in oversight processes.

Empower an independent oversight body and relevant stakeholders to strategically verify and monitor declarations, and freely investigate suspicious cases

Many asset declaration systems are undermined by the lack of effective scrutiny of submissions. Governments must allocate adequate resources proportionate to the number of submissions and adopt a verification strategy that ensures timely and accurate compliance. An appropriate strategy for detecting unjustified variations in wealth and conflicts of interest must also be implemented. Governments typically opt for a randomised approach, a risk-based approach (identifying high-risk positions and officials) or a combination of both.

Oversight agencies must also have clear mechanisms for receiving and investigating complaints submitted by any source, including the public. Clear procedures and protocols should be in place to investigate cases of unjustified variations in wealth and conflicts of interest.

More policy references for this topic and others are available in Transparency International's [Compendium of Good Practices on Anti-Corruption for OGP Action Plans](#).

ENDNOTES

- ¹ <https://star.worldbank.org/sites/star/files/getting-the-full-picture-on-public-officials-how-to-guide.pdf> (accessed 29 October 2019)
- ² www.oecd-ilibrary.org/governance/asset-declarations-for-public-officials_9789264095281-en (accessed 29 October 2019)
- ³ www.oecd-ilibrary.org/governance/asset-declarations-for-public-officials_9789264095281-en (accessed 29 October 2019)
- ⁴ www.unodc.org/documents/brussels/UN_Convention_Against_Corruption.pdf (accessed 29 October 2019)
- ⁵ <https://star.worldbank.org/sites/star/files/getting-the-full-picture-on-public-officials-how-to-guide.pdf> (accessed 29 October 2019)
- ⁶ <https://blogs.worldbank.org/psd/why-do-financial-disclosure-systems-matter-for-corruption> (accessed 29 October 2019)
- ⁷ Eligibility criteria for OGP membership includes the obtaining and publishing of asset and interest declarations. The latest eligibility data is available at: https://docs.google.com/spreadsheets/d/1FFYzIU2H37_lp5WTKLBp8q2knAoRKsam2kNnrOPIdX8/edit#gid=1406221191
- ⁸ http://tilman-hoppe.de/Report_business_process_for_verifying_declarations_ENG.pdf (accessed 29 October 2019)
- ⁹ www.ua.undp.org/content/ukraine/en/home/blog/2018/the-expectations-and-reality-of-e-declarations.html (accessed 29 October 2019)
- ¹⁰ www.reuters.com/article/us-ukraine-corruption-nabu/ukrainian-asset-declarations-reform-seen-letting-corrupt-officials-off-hook-idUSKBN1FR2ON (accessed 29 October 2019)
- ¹¹ The schedule for submitting disclosures varies between countries, but is usually at least twice during the employment period.
- ¹² <https://birn.eu.com/wp-content/uploads/2018/06/Raport-Prokuroret-Ang-Single-Page.pdf> (accessed 07 November 2019)
- ¹³ <https://birn.eu.com/outputs/report-on-assets-of-administrative-court-judges/> (accessed 07 November 2019); <https://birn.eu.com/wp-content/uploads/2018/06/Raport-Prokuroret-Ang-Single-Page.pdf> (accessed 07 November 2019)
- ¹⁴ <https://star.worldbank.org/sites/star/files/indonesia-ad-country-profile.pdf> (accessed 29 October 2019)
- ¹⁵ www.unodc.org/documents/southeastasiaandpacific/topics/anti-corruption/Indonesia_Asset_declaration_systems_Country_report_.pdf (accessed 29 October 2019)
- ¹⁶ The rationale for identifying notable pledges was to identify commitments rated as having a potentially transformative or moderate impact, and then to review those which were classified by the IRM as being completed, or having made substantial progress (20 commitments in total).
- ¹⁷ www.ua.undp.org/content/ukraine/en/home/blog/2018/the-expectations-and-reality-of-e-declarations.html (accessed 29 October 2019)
- ¹⁸ www.unodc.org/documents/treaties/UNCAC/WorkingGroups/workinggroup4/2018-September-6-7/Contributions_NV/Armenia_EN.pdf (accessed 29 October 2019)
- ¹⁹ www.transparency.org/whatwedo/publication/working_paper_1_2014_asset_declarations_an_effective_tool (accessed 29 October 2019)
- ²⁰ <https://star.worldbank.org/sites/star/files/getting-the-full-picture-on-public-officials-how-to-guide.pdf> (accessed 29 October 2019)

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